

STATE BONDING FUND
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2005

| | December-05 | | | | | September-05 | | | | Current | Prior Year | 3 Years | 5 Years |
|--|------------------|---------------|---------------|--------------|---------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Market Value | Allocation | Actual | Quarter | Month | Market Value | Allocation | Actual | Quarter | FYTD | FY05 | Ended | Ended |
| | | | | Net ROR | Net ROR | | | | Net ROR | Net | Net | 6/30/2005 | 6/30/2005 |
| | | | | | | | | | | | | Net | Net |
| LARGE CAP DOMESTIC EQUITY | | | | | | | | | | | | | |
| <i>Structured Growth</i> | | | | | | | | | | | | | |
| Los Angeles Capital | 76,107 | 2.9% | 2.8% | 3.06% | 0.85% | 77,294 | 2.9% | 2.8% | 5.46% | 8.68% | 7.56% | N/A | N/A |
| Total Structured Growth | 76,107 | 2.9% | 2.8% | 3.06% | 0.85% | 77,294 | 2.9% | 2.8% | 5.46% | 8.68% | 7.56% | 7.46% | -9.18% |
| <i>Russell 1000 Growth</i> | | | | 2.98% | -0.31% | | | | 4.01% | 7.11% | 1.68% | 7.26% | -10.36% |
| <i>Structured Value</i> | | | | | | | | | | | | | |
| LSV | 73,722 | 2.8% | 2.8% | 1.52% | 1.18% | 77,827 | 2.9% | 2.8% | 5.06% | 6.66% | 18.35% | 14.73% | 14.78% |
| Russell 1000 Value | | | | 1.27% | 0.60% | | | | 3.88% | 5.20% | 14.06% | 11.00% | 6.55% |
| <i>Russell 1000 Enhanced Index</i> | | | | | | | | | | | | | |
| LA Capital | 151,184 | 5.7% | 5.6% | 2.29% | 1.11% | 154,375 | 5.8% | 5.6% | 6.45% | 8.89% | 7.93% | N/A | N/A |
| Russell 1000 | | | | 2.12% | 0.13% | | | | 3.95% | 6.15% | 7.92% | N/A | N/A |
| <i>S&P 500 Enhanced Index</i> | | | | | | | | | | | | | |
| Westridge | 157,261 | 5.9% | 5.6% | 2.10% | 0.05% | 149,468 | 5.6% | 5.6% | 3.64% | 5.81% | 6.58% | N/A | N/A |
| S&P 500 | | | | 2.09% | 0.03% | | | | 3.60% | 5.77% | 6.32% | N/A | N/A |
| <i>Index</i> | | | | | | | | | | | | | |
| State Street | 48,257 | | | 2.07% | 0.03% | 49,517 | | | 3.58% | 5.72% | 6.27% | 8.22% | -2.45% |
| Total Index | 48,257 | 1.8% | 1.9% | 2.07% | 0.03% | 49,517 | 1.9% | 1.9% | 3.58% | 5.72% | 6.27% | 8.22% | -2.45% |
| S&P 500 | | | | 2.09% | 0.03% | | | | 3.60% | 5.77% | 6.32% | 8.28% | -2.37% |
| TOTAL LARGE CAP DOMESTIC EQUITY | 506,531 | 19.0% | 18.8% | 2.20% | 0.64% | 508,482 | 19.0% | 18.8% | 4.97% | 7.27% | 8.89% | 9.59% | -0.28% |
| S&P 500 | | | | 2.09% | 0.03% | | | | 3.60% | 5.77% | 6.32% | 8.28% | -2.37% |
| SMALL CAP DOMESTIC EQUITY | | | | | | | | | | | | | |
| <i>Manager-of-Managers</i> | | | | | | | | | | | | | |
| SEI | 170,567 | 6.4% | 6.3% | 0.95% | -0.01% | 168,733 | 6.3% | 6.3% | 5.46% | 6.47% | 9.32% | 13.32% | N/A |
| Russell 2000 + 200bp | | | | 1.64% | -0.29% | | | | 5.21% | 6.93% | 11.64% | 15.07% | N/A |
| TOTAL SMALL CAP DOMESTIC EQUITY | 170,567 | 6.4% | 6.3% | 0.95% | -0.01% | 168,733 | 6.3% | 6.3% | 5.46% | 6.47% | 9.32% | 13.32% | 5.50% |
| Russell 2000 | | | | 1.13% | -0.46% | | | | 4.69% | 5.88% | 9.45% | 12.81% | 5.71% |
| INTERNATIONAL EQUITY | | | | | | | | | | | | | |
| <i>Large Cap - Active</i> | | | | | | | | | | | | | |
| Capital Guardian | 121,236 | 4.5% | 4.0% | 9.64% | 6.23% | 112,860 | 4.2% | 4.0% | 12.11% | 22.92% | 10.32% | 7.44% | -3.80% |
| LSV | 107,658 | 4.0% | 4.0% | 4.29% | 4.30% | 113,701 | 4.2% | 4.0% | 11.20% | 15.98% | N/A | N/A | N/A |
| Total Large Cap - Active | 228,894 | 8.6% | 8.0% | 6.96% | 5.28% | 226,561 | 8.5% | 8.0% | 11.67% | 19.43% | 13.23% | 12.39% | 7.26% |
| MSCI EAFE - 50% Hedged | | | | 5.84% | 4.68% | | | | 11.07% | 17.55% | 14.41% | 8.84% | -2.61% |
| <i>Small Cap - Value</i> | | | | | | | | | | | | | |
| Lazard | 26,883 | 1.0% | 1.0% | 3.01% | 6.28% | 27,176 | 1.0% | 1.0% | 9.94% | 13.25% | 18.18% | N/A | N/A |
| Citigroup Broad Market Index < \$2BN | | | | 8.94% | 7.40% | | | | 12.05% | 22.06% | 21.33% | N/A | N/A |
| <i>Small Cap - Growth</i> | | | | | | | | | | | | | |
| Vanguard | 27,756 | 1.0% | 1.0% | 4.92% | 6.67% | 27,496 | 1.0% | 1.0% | 10.41% | 15.84% | 24.11% | N/A | N/A |
| Citigroup Broad Market Index < \$2BN | | | | 8.94% | 7.40% | | | | 12.05% | 22.06% | 21.33% | N/A | N/A |
| TOTAL INTERNATIONAL EQUITY | 283,532 | 10.6% | 10.0% | 6.37% | 5.50% | 281,233 | 10.5% | 10.0% | 11.37% | 18.47% | 15.34% | 10.62% | -2.10% |
| MSCI EAFE - 50% Hedged | | | | 5.84% | 4.68% | | | | 11.07% | 17.55% | 14.41% | 8.84% | -2.61% |
| DOMESTIC FIXED INCOME | | | | | | | | | | | | | |
| <i>Core Bond</i> | | | | | | | | | | | | | |
| Western Asset | 498,621 | 18.7% | 18.3% | 0.28% | 1.13% | 497,705 | 18.6% | 18.3% | -0.41% | -0.13% | 7.14% | 7.36% | 8.59% |
| Lehman Aggregate | | | | 0.59% | 0.95% | | | | -0.67% | -0.08% | 6.80% | 5.75% | 7.40% |
| <i>Index</i> | | | | | | | | | | | | | |
| Bank of ND | 448,616 | 16.8% | 18.3% | 0.44% | 0.84% | 460,176 | 17.2% | 18.3% | -0.84% | -0.41% | 4.08% | 5.66% | 7.26% |
| Lehman Gov/Credit (1) | | | | 0.60% | 0.95% | | | | -0.96% | -0.37% | 4.80% | 5.82% | 7.35% |
| <i>BBB Average Quality</i> | | | | | | | | | | | | | |
| Wells Capital (formerly Strong) | 497,583 | 18.7% | 18.3% | 0.58% | 1.06% | 492,054 | 18.4% | 18.3% | -1.05% | -0.48% | 9.14% | 9.20% | N/A |
| Lehman US Credit BAA | | | | 0.39% | 1.03% | | | | -0.97% | -0.58% | 8.60% | 9.42% | N/A |
| TOTAL DOMESTIC FIXED INCOME | 1,444,819 | 54.2% | 55.0% | 0.42% | 1.03% | 1,449,935 | 54.2% | 55.0% | -0.76% | -0.35% | 6.14% | 6.59% | 7.79% |
| Lehman Gov/Credit | | | | 0.60% | 0.95% | | | | -0.96% | -0.37% | 7.26% | 6.41% | 7.70% |
| CASH EQUIVALENTS | | | | | | | | | | | | | |
| Bank of ND | 259,717 | 9.7% | 10.0% | 1.07% | 0.42% | 267,314 | 10.0% | 10.0% | 0.93% | 2.01% | 2.46% | 1.74% | 2.68% |
| 90 Day T-Bill | | | | 0.92% | 0.32% | | | | 0.83% | 1.75% | 2.15% | 1.55% | 2.62% |
| TOTAL BONDING FUND | 2,665,167 | 100.0% | 100.0% | 1.36% | 1.28% | 2,675,696 | 100.0% | 100.0% | 2.13% | 3.52% | 6.51% | 7.96% | 4.19% |
| POLICY TARGET BENCHMARK | | | | 1.48% | 1.00% | | | | 1.62% | 3.13% | 6.74% | 6.10% | 3.52% |

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.